

**Laborers' and Retirement Board Employees'
Annuity and Benefit Fund of Chicago
Minutes of Regular Board Meeting No. 1011**

July 23, 2019

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**LABORERS' AND RETIREMENT BOARD EMPLOYEES'
ANNUITY AND BENEFIT FUND OF CHICAGO**

July 23, 2019

Report of Meeting No. 1011 held on July 23, 2019, starting at 1:09 p.m. at the office of the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("Fund" or "LABF"). The following notes attendance:

Board Members:

Victor Roa	– President (Union Appointed Member)
Michael LoVerde	– Secretary (Active Employee Elected Member)
Carol Hamburger	– Trustee (Managing Deputy Comptroller, City of Chicago)
James Capasso, Jr.	– Trustee (Annuitant Elected Member)
Melissa Conyears-Ervin*	– Trustee (City Treasurer, City of Chicago) <i>arrived at 1:19pm</i>
Reshma Soni*	– Acting City Comptroller, City of Chicago (<i>arrived at 1:11pm</i>)

Staff & Consultants:

Joseph Burns	– Jacobs, Burns, Orlove & Hernandez, Fund Counsel
Taylor Muzzy	– Jacobs, Burns, Orlove & Hernandez, Fund Counsel
Dr. Terence Sullivan*	– Fund's Physician
James Wesner*	– Marquette Associates, Fund Investment Consultant
Kweku Obed*	– Marquette Associates, Fund Investment Consultant
Neil Capps*	– Marquette Associates, Fund Investment Consultant
Michael Walsh	– Executive Director and Chief Investment Officer
Peggy Grabowski*	– Comptroller
John Carroll	– Compliance Administrator
Sheila Jones	– Administrative Coordinator
Nadia Oumata	– Manager of Accounting and Investments
Tina Rhoten*	– Benefits Manager
Paul Rzeszutko*	– Assistant Benefits Manager

Absent:

James Joiner	– Trustee (Active Employee Elected Member)
Jennie Bennett	– Trustee (Chief Financial Officer, City of Chicago)

Observer(s):

Conner Bershear, Office of the Chief Financial Officer, City of Chicago
Martin Johnson, Office of the Chief Financial Officer, City of Chicago*
Hector Dox, Office of the Treasurer, City of Chicago*
Angel Villa, LABF Intern, Chicago Summer Business Institute*

President Roa asked the investment consultants to provide a general investment report.

* Denotes partial attendance.



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Board Members:

I am transmitting herewith the minutes for the meeting of the Retirement Board which was held on July 23, 2019. The minutes are comprised of the following:

- Public Participation
- Investments Report
- Discussion of Memo from Fund Counsel
- Administrative Hearing – Treadwell Matter
- Approval of Minutes of Prior Meetings
- Schedule A: Applications for Refunds
 - 1. Refund of Contributions Due to Separation from Service
 - 2. Miscellaneous Refunds
- Schedule B: Applications for Annuities
 - 1. Employee Annuities
 - 2. Spouse and Child Annuities
- Schedule C: Adjustment Refunds to New Annuitants
- Schedule D: Applications for Duty Disability Benefits
- Schedule E: Applications for Ordinary Disability Benefits
- Schedule F: Applications for Extension of Duty Disability Benefits
- Schedule G: Applications for Extension of Ordinary Disability Benefits
- Schedule H: Payment of Uncashed Checks of Deceased Members
- Schedule I: Payment of Administrative Expenses
- Administrative Hearing – Treadwell Matter
- Executive Session No. 1
- Administrative Report
- Legal Report
- Adjournment

All the foregoing matters were checked upon receipt in the office of the Retirement Board and were found to be hereinafter set forth.

Sincerely,

A handwritten signature in black ink that reads "Michael R. LoVerde".

Michael R. LoVerde
Retirement Board Secretary

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PUBLIC PARTICIPATION

None.

INVESTMENTS REPORT

The Investments Report was taken out of order.

Market Tracker Report

Mr. Obed provided a summary market update.

June 30, 2019 Preliminary Performance Report

Mr. Obed reviewed the Fund's June 30, 2019 Preliminary Performance Report and gave an overview of some of the Fund's investment strategies.

Private Equity Update

Mr. Wesner provided an overview of the private equity (PE) market. Mr. Wesner informed the Trustees that the PE market continues to provide a relatively attractive investment opportunity for institutional investors and that, in order to adhere to its pacing plan, LABF must continue to make new commitments every 12 to 18 months.

James Wesner, Kweku Obed and Neil Capps left the meeting.

Introductions

President Roa introduced Reshma Soni, the Acting City Comptroller for the City of Chicago, to the Board. Mr. Walsh introduced the Trustees, Staff and Consultants to Ms. Soni.

Election of Board Vice-President

This item was taken out of order. Mr. Walsh and Mr. Burns discussed an issue regarding the Illinois Pension Code's requirements for filling vacant appointed positions on the Board. The Trustees agreed the issue should be reviewed by Corporation Counsel for the City of Chicago. The Board also decided to defer the election of a Board Vice-President until a future meeting.

APPROVAL OF MINUTES OF PREVIOUS MEETINGS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the regular minutes of Meeting No. 1010 held on June 18, 2019, be approved as submitted.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that the minutes of Executive Sessions 1 and 2 of Meeting No. 1010, held on June 18, 2019, be approved as submitted.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

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SCHEDULE A – APPLICATIONS FOR REFUNDS

1. Refund of Contributions Due to Separation from Service

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications presented for Refunds of Contributions Due to Separation from Service be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against-- None.

2. Miscellaneous Refunds

It was moved by Trustee LoVerde, seconded by Trustee Hamburger, that application #1 presented in Miscellaneous Refunds of Contributions section be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

SCHEDULE B – APPLICATIONS FOR ANNUITIES

1. Employee Annuities

It was moved by Trustee Hamburger, seconded by Trustee LoVerde, that the applications for Employee Annuities be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

2. Spouse and Child Annuities

It was moved by Trustee Hamburger, seconded by Trustee Capasso, that the applications for Spouse and Child Annuities be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

SCHEDULE C – ADJUSTMENT REFUNDS TO NEW ANNUITANTS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that adjustment refunds to new annuitants be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

SCHEDULE D – APPLICATIONS FOR DUTY DISABILITY BENEFITS

It was moved by Trustee Hamburger, seconded by Trustee Capasso, that the applications for Duty Disability Benefits be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

SCHEDULE E – APPLICATIONS FOR ORDINARY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications for Ordinary Disability Benefits be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

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SCHEDULE F – EXTENSION OF DUTY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications for Extension of Duty Disability Benefits be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

SCHEDULE G – EXTENSION OF ORDINARY DISABILITY BENEFITS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the applications for Extension of Ordinary Disability Benefits be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

SCHEDULE H – PAYMENT OF UNCASHED CHECKS OF DECEASED MEMBERS

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that the payment of uncashed checks of deceased members be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

SCHEDULE I – PAYMENT OF EXPENSES

It was moved by Trustee LoVerde, seconded by Trustee Capasso, that Administrative Expenses be approved and ordered paid.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against -- None.

Dr. Sullivan left the meeting.

ADMINISTRATIVE HEARING - TREADWELL

Pursuant to the March 25, 2019 Order issued by the Circuit Court of Cook County, an administrative hearing was held to determine how to distribute the employee contributions made to the Laborers' and Retirement Board Employees' Annuity and Benefit Fund of Chicago ("LABF") by Alphonso Treadwell Sr. ("Alphonso"), a deceased member of the LABF.

Victor Roa, Board President, presided over the hearing. Joseph Burns and Taylor Muzzy, Fund Counsel, represented the LABF. Alphonso's ex-spouse, Yvonne Treadwell was present and was represented by Neil Kauffman. Four of Alphonso and Yvonne's five children were present: Tameka Esco, represented by Ralanda Webb, Alphonso Treadwell Jr., Dedra Treadwell, and Lakisha Esco. The hearing was transcribed by a court reporter.

At the conclusion of the hearing, the trustees decided to enter executive session pursuant to 5 ILCS 120/2(c)(4) and (11).

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EXECUTIVE SESSION NO. 1

At 4:21 p.m., Trustee LoVerde requested an executive session under 5 ILCS 120/2(c)(4) to discuss considering evidence/testimony presented in an open/closed hearing and under 5 ILCS 120/2(c)(11) to discuss pending or probable litigation against, affecting, or on behalf of the Fund. Trustee Hamburger seconded the motion.

Roll-call: For -- Trustees Roa, LoVerde, Hamburger, Capasso, and Conyears-Ervin.
Against – None.

At 4:28 p.m., Trustee LoVerde made a motion, seconded by Trustee Capasso, that the executive session be adjourned and that the Board return to open session.

Roll-call: For -- Trustees Roa, LoVerde, Capasso, and Conyears-Ervin.
Against -- Trustee Hamburger.

No action taken.

Trustee Conyears-Ervin left the meeting.

ADMINISTRATIVE REPORT

Tier 3 Normal Cost Calculation

Mr. Walsh reported that AON determined that the Tier 3 normal cost as a percentage of pay is 17.34% for 2019, based on the December 31, 2018 valuation data. Therefore, the contribution rate for Tier 3 employees will remain 11½% for the year 2020. Trustee Hamburger requested a copy of the results be sent to the City of Chicago.

Pre-Approval of Reciprocal Conference

Mr. Walsh reported that the 2019 Reciprocal Conference will be held in Champaign, Illinois on August 12 and 13, 2019 and informed that Board that up to five staff members might attend the conference.

Legislative Matters

Mr. Walsh reported that Senate Bill 1264 and House Bill 2460 were sent to the Governor on June 28, 2019 and June 27, 2019, respectively, and have yet to be signed by the Governor.

Miscellaneous

This item was not discussed.

Public Act 100-0023 Employer Contribution Mechanics

Mr. Walsh briefed the Board regarding a meeting he had with representatives from the City of Chicago regarding contributions associated with those taking a leave of absence from the City of Chicago to work for a local labor organization. Further discussion was deferred to a future Board meeting.

LEGAL REPORT

Underwood Litigation

Mr. Walsh updated the Board regarding the actions taken at the July 15, 2019 hearing in the Circuit Court of Cook County regarding the Underwood litigation. Mr. Walsh also updated the Board on the mechanics of the court order issued related to the notices that are to be sent to retiree members of LABF who may be eligible for the retiree healthcare subsidy.

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Boutte v. LABF

Mr. Muzzy updated the Board regarding the proceedings in the Boutte litigation and noted that the next court date is September 10, 2019.

Payne Matter

Mr. Muzzy gave an overview of the Payne bankruptcy matter in which Mr. Payne received an overpayment from the LABF that the Fund is seeking to recoup.

ADJOURNMENT

With no further business, at 4:45 p.m., Trustee Capasso made a motion to adjourn the meeting. Trustee LoVerde seconded the motion.

Roll-call: For -- Trustees Roa, LoVerde and Capasso.
 Against – Hamburger.